



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6

1445 ROSS AVENUE, SUITE 1200
DALLAS, TX 75202-2733

May 27, 2003

CERTIFIED MAIL, RETURN RECEIPT REQUESTED:

7002 0460 0002 9056 0968

Mr. Randy J. Robichaux
Environmental Manager
Denbury Resources, Inc.
2503 Petroleum Drive
Houma, LA 70363

Re: Expedited Spill Settlement Agreement
Docket No. **CWA-06-2003-4545**
Denbury Resources, Inc.
Common Tank Battery No. 2
Lirette Oil and Gas Field, Terrebonne Parish, LA

Dear Mr. Robichaux:

The Environmental Protection Agency (EPA) has authority under Section 311 of the Clean Water Act to pursue civil penalties for oil spill violations. Based upon information available to the EPA, a specific oil spill by your company is identified in the enclosed Findings and Alleged Civil Violations Form (Form). EPA encourages the expedited settlement of oil spill violations such as the violations cited in the enclosed Expedited Spill Settlement Agreement (Settlement Agreement). The enclosed Complaint and Settlement Agreement has been issued in accordance with 40 CFR Part 22, "Consolidated Rules of Practice Governing the Administrative Assessment of Civil Penalties, Issuance of Compliance or Corrective Action Orders, and the Revocation, Termination or Suspension of Permits" (copy enclosed).

You may resolve the cited violations quickly by correcting the cited violations, mailing a check for the penalty as described below, and signing and returning the original Settlement Agreement within 30 days of your receipt of this letter. As previously stated, as a condition of the settlement, you must correct the violations within 30 days of your receipt of this letter. EPA, at its discretion, may grant one 30-day extension for cause upon request. A request for a 30-day extension should be sent to the OPA Enforcement Coordinator at the address given on page 2 of this letter.

9527327



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The Settlement Agreement, when executed by both parties, is binding on both you and EPA. Upon receipt of the signed document and a check for the amount of the penalty, EPA will take no further action against you for the violations cited in the Settlement Agreement. EPA will neither accept nor approve the Settlement Agreement if returned more than 30 days after the date of your receipt of this letter, unless an extension has been granted by EPA. (Please be advised that the Settlement Agreement contains a discounted, non-negotiable penalty amount which is lower than the amount which would be derived from EPA's National Civil Penalty Policy for discharge violations.)

If you do not pay the penalty and return the Settlement Agreement within 30 days of your receipt of this letter, unless an extension has been granted by EPA, the Settlement Agreement will be automatically withdrawn, without prejudice to EPA's ability to file an enforcement action for the cited violations. Failure to sign and return the Settlement Agreement and pay the penalty within the approved time does not relieve you of the responsibility to comply fully with the regulations, including correcting the violations that have been specifically identified in the Form. If you decide not to sign and return the Settlement Agreement and pay the penalty, EPA can pursue more formal enforcement measures to correct the violation(s) and seek penalties of up to \$11,000 per violation up to a maximum penalty of \$27,500.

You are required in the Settlement Agreement to certify that you have corrected the violations and paid the penalty. The payment for the penalty amount must be in the form of a certified check payable to the "Oil Spill Liability Trust Fund", with the Docket Number of the Settlement Agreement on the check. The Docket Number is located at the top of the left column of the Settlement Agreement.

The original, signed, Expedited Settlement Agreement and the original, Certified Check Payment of the penalty amount must be sent via CERTIFIED MAIL to:

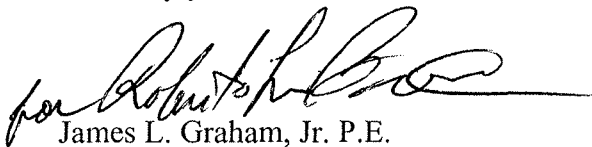
OPA Enforcement Coordinator
U. S. Environmental Protection Agency
Region 6 (6SF-R)
1445 Ross Avenue
Dallas, Texas 75202-2733

A copy of the Settlement Agreement, and of the penalty payment should be retained by you. EPA will forward to you a copy of the fully executed Expedited Settlement Agreement.

By terms of the Settlement Agreement, and upon EPA's receipt of the signed Settlement Agreement and a check for the amount of the penalty, you waive your opportunity for a hearing pursuant to Section 311 of the Clean Water Act. EPA will treat any response to the proposed Settlement Agreement, other than acceptance of the settlement offer, as an indication that the recipient is not interested in pursuing an expedited settlement of this matter.

If you have any questions, please contact Nelson Smith at 214-665-8489, or Roberto Bernier at (214) 665-8376.

Sincerely yours,

A handwritten signature in black ink, appearing to read "for Roberto Bernier".

James L. Graham, Jr. P.E.
OPA Enforcement Coordinator

Enclosures (3)

FINDINGS AND ALLEGED CIVIL VIOLATIONS

1. Denbury Resources, Inc. is a Firm qualified to do business in the State of Louisiana with a place of business located at 2503 Petroleum Drive, Houma, Louisiana.. The Respondent is a person within the meaning of Section 311(a)(7) of the Act, 33 U.S.C. §1321(a)(7).

2. Respondent is the owner/operator of an onshore facility within the meaning of Section 311(a)(10) of the Act, 33 U.S.C. §1321(a)(10), an oil production facility, Common Tank Battery No. 2 which is located in the Lirette Oil & Gas Field, Terrebonne Parish, Louisiana (facility).

3. Section 311(b)(3) of the Act prohibits the discharge of oil into or upon the navigable waters of the United States or adjoining shorelines in such quantities that have been determined may be harmful to the public health or welfare or environment of the United States.

4. For purposes of Section 311(b)(3) and (b)(4) of the Act, 33 U.S.C. §1321(b)(3) and (b)(4), discharges of oil into or upon the navigable waters of the United States in such quantities that have been determined may be harmful to the public health or welfare or environment of the United States are defined in 40 C.F.R. §110.3 to include discharges of oil that cause a film or a sheen upon or discoloration of the surface of the water or adjoining shorelines.

5. On December 11, 2002, Respondent discharged 5 barrels of oil as defined in Section 311(a)(1) of the Act, 33 U.S.C. §1321(a)(1), and 40 C.F.R. §110.1, from its facility into or upon the Humble Canal, which leads into Bayou Barre and adjoining shorelines.

6. Bayou Barre enters Bayou Terrebonne and is a navigable water of the United States as defined in Section 502(7) of the Act, 33 U.S.C. §1362(7), and 40 C.F.R. §110.1.

7. Respondent's December 11, 2002 discharge of oil from its facility caused a sheen upon or discoloration of the surface of the Humble Canal and adjoining shorelines, and, therefore, was in a quantity that has been determined may be harmful under 40 C.F.R. §110.3, which implements Sections 311(b)(3) and (b)(4) of the Act.

8. Respondent's December 11, 2002 discharge of oil from its facility into or upon Humble Canal and adjoining shorelines in a quantity that has been determined may be harmful under 40 C.F.R. §110.3 violated Section 311(b)(3) of the Act. Pursuant to Section 311(b)(6)(B)(i) of the Act, and 40 CFR 19.4, the Respondent is liable for civil penalties of up to \$11,000 per violation, up to a maximum of \$27,500.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6, 1445 ROSS AVENUE, DALLAS, TEXAS 75202-2733

EXPEDITED SPILL SETTLEMENT AGREEMENT

DOCKET NO. CWA-06-2003-4545

On December 11, 2002

Time _____

At: Denbury Resources, Inc., Common Tank Battery No. 2,
Lirette Oil & Gas Field, Terrebonne Parish, Louisiana

(Respondent) discharged 5 barrels of oil in violation of Section 311(b)(3) of the Clean Water Act (the Act), as noted on the attached FINDINGS and ALLEGED CIVIL VIOLATIONS FORM (Form), which is hereby incorporated by reference.

The parties are authorized to enter into this Expedited Settlement under the authority vested in the Administrator of EPA by Section 311(b) (6) (B) (i) of the Act, 33 U.S.C. § 1321(b) (6) (B) (i), as amended by the Oil Pollution Act of 1990, and by 40 CFR § 22.13(b). The parties enter into this Expedited Settlement in order to settle the civil violations described in the Form for a penalty of \$ 500.00.

This settlement is subject to the following terms and conditions:

EPA finds the Respondent's conduct is subject to the discharge prohibition of Section 311(b)(3) of the Act, as described in that statute and further described by 40 CFR § 110.3. The Respondent admits he/she is subject to Section 311(b)(3) and that EPA has jurisdiction over the Respondent and the Respondent's conduct as described in the Form. Respondent does not contest the Findings, and waives any objections it may have to EPA's jurisdiction. Respondent consents to the assessment of the penalty stated above. Respondent certifies, subject to civil and criminal penalties for making a false submission to the United States Government, that it has investigated the cause of the spill, it has cleaned up the spill pursuant to the federal requirements, and it has taken corrective actions that will prevent future spills. The Respondent also verifies that it has sent a certified check for \$ 500.00 payable to the "Oil Spill Liability Trust Fund" to: "OPA Enforcement Coordinator, U. S. Environmental Protection Agency, Region 6 (6SF-R), 1445 Ross Avenue, Dallas, Texas 75202-2733." Respondent has noted on the penalty payment check "EPA" and the docket number of this case, "CWA-06-2003-4545."

Upon signing and returning this Expedited Settlement to EPA, Respondent waives the opportunity for a hearing or appeal pursuant to Section 311 of the Act, and consents to EPA's approval of the Expedited Settlement without further notice.

If the Respondent does not sign and return this Expedited Settlement as presented within 30 days of the date of its receipt, the proposed Expedited Settlement is withdrawn without prejudice to EPA's ability to file any other enforcement action for the violations identified in the Form.

After this Expedited Settlement becomes effective, EPA will take no further action against the Respondent for the violations of Section 311(b)(3) of the Act described in the Form. However, EPA does not waive any rights to take any

enforcement action for any other past, present, or future violations by the Respondent of Section 311(b)(3) of the Act or of any other federal statute or regulation. By its first signature, EPA ratifies the Findings and Alleged Violations set forth in the Form.

This Expedited Settlement is binding on the parties signing below, and is effective upon EPA's filing of the document with the Regional Hearing Clerk.

APPROVED BY EPA:

Susan O. White Date: 5/27/03
Charles A. Gazda
Chief, Response and Prevention Branch
Superfund Division

APPROVED BY RESPONDENT:

Name (print): _____

Title (print): _____

Signature Date _____

IT IS SO ORDERED:

Myron O. Knudson, P.E.
Director
Superfund Division

ORREV.11/18/99 R6REV 5/10/01; 9/19/01;11/8/01;2/12/02

FINDINGS AND ALLEGED CIVIL VIOLATIONS

Denbury Resources, Inc.

LA

1. ~~[Name of Respondent]~~ is a Firm qualified to do business in the State of ~~XXXXXXX~~ with a place of business located at 2503 Petroleum Dr.. The Respondent is a person within the meaning of Section 311(a)(7) of the Act, 33 U.S.C. §1321(a)(7) Houma, La.

2. Respondent is the owner/operator of an onshore facility within the meaning of Section 311(a)(10) of the Act, 33 U.S.C. §1321(a)(10), an ~~oil production~~ tank battery which is located on/in/at [address] (facility).

the Lirette Oil & Gas field, battery #2, Terrebone Parish, La.
3. Section 311(b)(3) of the Act prohibits the discharge of oil into or upon the navigable waters of the United States or adjoining shorelines in such quantities that have been determined may be harmful to the public health or welfare or environment of the United States.

4. For purposes of Section 311(b)(3) and (b)(4) of the Act, 33 U.S.C. §1321(b)(3) and (b)(4), discharges of oil into or upon the navigable waters of the United States in such quantities that have been determined may be harmful to the public health or welfare or environment of the United States are defined in 40 C.F.R. §110.3 to include discharges of oil that cause a film or a sheen upon or discoloration of the surface of the water or adjoining shorelines.

12/11/02
5. On 12/11/02 [date], Respondent discharged [5 No. Of bbls] of oil as defined in Section 311(a)(1) of the Act, 33 U.S.C. §1321(a)(1), and 40 C.F.R. §110.1, from its facility into or upon the/an [name of/unnamed water body] and adjoining shorelines.

Humble Canal, which leads into Bayou Barre
6. ~~[Name of the unnamed water body]~~ enters the Bayou Terrebone and is a navigable water of the United States as defined in Section 502(7) of the Act, 33 U.S.C. §1362(7), and 40 C.F.R. §110.1. Bayou Barre

12/11/02
7. Respondent's 12/11/02 [date] discharge of oil from its facility caused a sheen upon or discoloration of the surface of ~~the [name of/unnamed water body]~~ and adjoining shorelines, and, therefore, was in a quantity that has been determined may be harmful under 40 C.F.R. §110.3, which implements Sections 311(b)(3) and (b)(4) of the Act.

12/11/02
8. Respondent's 12/11/02 [date] discharge of oil from its facility into or upon [name of/unnamed water body] and adjoining shorelines in a quantity that has been determined may be harmful under 40 C.F.R. §110.3 violated Section 311(b)(3) of the Act. Pursuant to Section 311(b)(6)(B)(i) of the Act, and 40 CFR 19.4, the Respondent is liable for civil penalties of up to \$11,000 per violation, up to a maximum of \$27,500.

\$ 500⁰⁰ ESA

RPB 3/25/03